

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6664**

**BILL NUMBER:** SB 165

**NOTE PREPARED:** Dec 21, 2011

**BILL AMENDED:**

**SUBJECT:** County Options for Delinquent Property Taxes.

**FIRST AUTHOR:** Sen. Randolph

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill has the following provisions:

*Minimum Bid:* The bill provides that the fiscal body of a county may adopt an ordinance authorizing the county treasurer to accept a minimum bid on real property subject to sale for delinquent taxes equal to the lesser of: (1) the delinquent taxes, penalties, and other related costs; or (2) 75% of the gross assessed value of the real property.

*Waiver of Penalties:* The bill provides that the fiscal body of a county may adopt an ordinance to require waiver of penalties on delinquent taxes on real property in the county if: (1) part of the delinquent taxes on the real property were first due and payable before January 1, 2010; and (2) all of the delinquent taxes on the real property are paid after June 30, 2012, and before July 1, 2013.

*Payment of Delinquent Taxes:* The bill applies statewide the authority that currently applies only in Lake County allowing the county auditor to remove real property from a tax sale if the county treasurer and the taxpayer agree to a mutually satisfactory arrangement for the payment of the delinquent taxes. It establishes a period during which a taxpayer who fails to make a payment under the delinquent property tax payment arrangement may not enter into another arrangement.

**Effective Date:** Upon passage; January 1, 2012 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues: Summary:**

(1) *Minimum Bid*: The fiscal impact of this proposal would depend on whether capping the minimum bid at 75% of the gross assessed value would make the parcel in question attractive to potential buyers. If it would, the county would be able to recover some revenue from the sale of the parcel. If it would not, then the fiscal impact is negligible. The amount of potential revenue recovered is indeterminate at this time.

(2) *Waiver of Penalties, Payment of Delinquent Taxes*: In general, a partial or full waiver from paying delinquent taxes, or even the penalties on such taxes, would probably permit some taxpayers to reclaim their property from the tax sale list. For the taxing unit in question, this translates to returning the parcel to the tax base which, in turn, would ultimately lead to an increase in property tax revenues. The amount of the increase would depend on the number and value of the properties returned to the tax rolls.

**Additional Details:**

*Minimum Bid*: Under current law, the minimum bid that a county can accept for a parcel on the tax sale list is equal to all delinquent taxes and special assessments, penalties due on the delinquency, interest, and costs directly attributable to this tax sale and previous tax sales, and other reasonable expenses such as attorney's fees and title search expenses. This provision caps the minimum bid at 75% of the gross assessed value of the property.

*Waiver of Penalties*: Under this provision, the fiscal body of a county may adopt an ordinance to require waiver of the penalties on delinquent taxes on real property in the county if: (1) part of the delinquent taxes on the real property were first due and payable before January 1, 2010; and (2) all of the delinquent taxes on the real property are paid after June 30, 2012, and before July 1, 2013.

*Payment of Delinquent Taxes*: The current statute permits property taxpayers in only Lake County to negotiate with the county treasurer on the payment of delinquent taxes. A successful negotiation may result in the removal of the property in question from the tax sale list. This provision extends this privilege to the remaining 91 counties. The taxpayer has until July 1<sup>st</sup> of the following year to pay the agreed upon amount of the delinquent taxes. Failure to meet the payments prohibits the taxpayer from requesting another negotiation for five years after the original agreement would have expired.

*Background Information*: A survey of the tax sales in 75 counties indicated that in 2011, a total of 47,700 parcels were certified to the sold; the certified value was approximately \$219 M. Approximately 14,900 were redeemed (for \$37.6 M) prior to the tax sales. A total of approximately 4,400 parcels were sold at the tax sales, and \$13 M in taxes were recovered. About 23,300 parcels (48%) were not sold.

**State Agencies Affected:**

**Local Agencies Affected:** County Auditors; County Treasurers; Fiscal Bodies of Counties

**Information Sources:** SRI Incorporated, <http://www.sri-taxsale.com/Tax/Indiana/TaxStats.aspx>

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